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Founded 1878

Incorporated May 10, 1952

Capital 2,553,505,600 yen

Representative Hideaki Yamashita, President and CEO

Number of employees 1183 (consolidated, as of December 2022);  
835 (nonconsolidated, as of December 2022)

Annual sales 89 billion yen (consolidated, as of December 2022)

Shares traded on Prime Market, the Tokyo Stock Exchange  
(securities code: 3950)

Lines of business Planning, manufacturing, and sale of paper bags,  
folding paper cartons, corrugated boxes,  
film packaging, etc.

Offices and Plants Headquarters: Osaka  
Tokyo Head Office: Tokyo  
Branches: Hokkaido, Tohoku, Kanto, Yokohama, Nagoya,  
Kyoto, Kobe, Okayama, Hiroshima, Shikoku, Fukuoka  
Sales offices: Aomori, Niigata, Shizuoka, Kanazawa,  
Matsumoto, Yonago, Takamatsu, Oita, Kumamoto,  
Kagoshima, Nagasaki, Okinawa  
Plants: Osaka, Nara, Tokyo, Ibaraki

Domestic subsidiaries: Keihin Tokushu Printing Corporation  
Nikko Print Corporation  
Pack Takeyama Co., Ltd.  
Nishinohon Printing Co., Ltd.  
Kannaru Printing Co., Ltd.

Overseas subsidiaries: The Pack America Corporation  
The Pack (Shanghai) Corp.  
The Pack (Changshu) Co., Ltd.

URL <https://www.thepack.co.jp/en/>



Environment,  
Social Activities  
Information <https://www.thepack.co.jp/en/environment.html>



# CSR Report 2023



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# Sustainable management



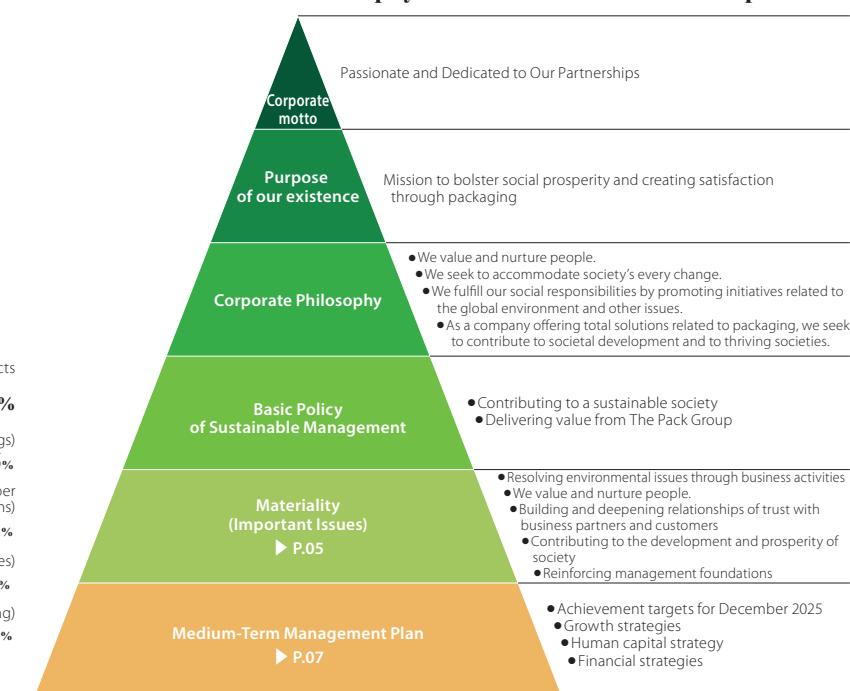
The Purpose of The Pack Group's Existence

## Mission to bolster social prosperity and creating satisfaction through packaging

Basic Policy of Sustainable Management

As is expressed in The Pack Group's corporate motto, we are passionate and dedicated to our partnerships in all our activities. Furthermore, we pursue sustainable management in keeping with the purpose of our existence (purpose): to provide packaging solutions to contribute to a prosperous society and bring satisfaction to people. As a company offering total solutions related to packaging, we help solve the many issues facing our stakeholders through the creation of new value in packaging, thereby contributing to a prosperous and sustainable society. To this end, we strive to deliver environmental, social, and economic value that is unique to The Pack Group, based on sustained growth and the ability to adapt to social change.

### Philosophy Structure of The Pack Group



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### Editorial Policy

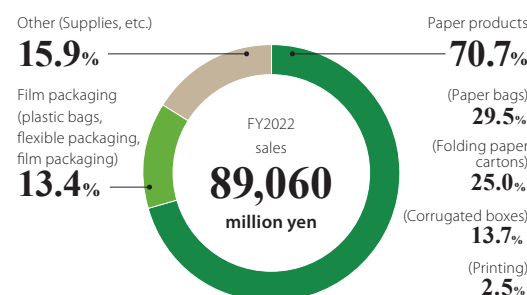
This Report has been prepared to disclose information about The Pack Corporation to stakeholders and to help them understand our CSR activities. This Report also serves as tool for employee education. Based on growing interest in issues related to the environment, society, and governance (ESG), this Report reviews our various activities in related categories.

**Period covered by this Report:** While this Report basically covers the period of FY2022 (January 1 – December 31, 2022), it includes some information from before and after this period.

**Organization covered by this Report:** The Pack Corporation  
**Section preparing this Report and contact point:** IR & Public Relations Department, The Pack Corporation

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 Tel.: +81-3-3469-1221; fax: +81-3-3469-1353  
 E-mail: koho@thepack.co.jp

### Shares of sales





# To stakeholders

## At the dawn of sustainable management

### The Purpose of The Pack Group (our fundamental mission)

The Pack Corporation was established in 1952 as a manufacturer of corrugated apparel boxes. In the Company's early postwar years, soon after the end of World War II, we expanded the range of items handled in order to meet customer needs for products and services. Today, we have developed into a comprehensive packaging manufacturer that handles a wide variety of products, including paper bags, printed paper containers, corrugated products, and chemical product packaging.

As we mark our 70th anniversary, it's clear that sustainability will be a key requirement going forward. Thus, we have decided to clarify our purpose (or fundamental mission) both internally and publicly in order to demonstrate the value The Pack Group can offer society and to keep the entire organization moving forward in the same direction.

The Purpose we have defined is "Mission to bolster social prosperity and creating satisfaction through packaging." From the founding of our company to the present day, we have carved out a necessary role in society by providing packaging solutions. We will continue to share a common understanding of our Purpose and provide products and services that meet the needs of the times, meanwhile demonstrating our value to society through efforts to reduce the environmental impact of our production activities and our various CSR activities. In particular, we will focus on efforts to solve environmental and social problems, such as through the use of paper for packaging; achieving labor and space savings by combining packaging and machinery; achieving resource and space savings through structural design innovations; and developing environmentally friendly packaging.

### Promoting Sustainable Management

Recent times have seen increased global awareness of environmental and social issues, human rights, and diversity; accordingly, companies must now manage their businesses with an emphasis on ESG. Over the past several years we have seen such unpredictable events as a global pandemic, international conflicts, large-scale disasters, and a rapid depreciation of the yen, underscoring more than ever before the need for appropriate risk management and system reinforcement. I am confident that the sustainable growth of the Company will be achieved by creating corporate value from a long-term perspective, as opposed to focusing solely on short-term sales and profits. I am ready to fulfill my responsibility by leading the company on the basis of

sustainable management principles.

In January 2022, we established the Sustainable Business Team as a new cross-sectional project team operating across the entire company. We established the basic policy of sustainable management, the setup of the Sustainable Committee, and its operation system as the basis for promotion activities. Next, we identified the strengths, risks, and opportunities related to our value chains so that we can reevaluate our capital management strategy, thereby clarifying five themes and 12 Materialities (important issues).

In recent years, we have focused on proposing packages that help address environmental and social issues, and the list of relevant items in several Materialities has made it clearer what we need to work on in the medium to long term. We will continue to strengthen our internal structure, particularly in our sales and manufacturing divisions.

We plan to establish KPIs by the end of 2023 to announce concrete numerical targets and results that should be achieved. We have also expressed our support for the TCFD and are in the process of setting GHG emission reduction targets to achieve this goal, and will report on progress and achievements in our next annual report.

### Medium-Term Management Plan

The year 2022 was the end point of the previous medium-term management plan (FY2020-FY2022). Although it was a period of great uncertainty due to the COVID-19 pandemic, we were able to expand sales in the food and EC industries, which are our key markets. Meanwhile, we are still facing challenges in expanding our business domain and improving productivity by introducing a key system. The new medium-term management plan (FY2023-FY2025) released in March 2023 is based on a basic policy of sustainable management, and targets consolidated net sales of 107 billion yen and operating income of 7 billion yen in FY2025. We also aim to achieve numerical targets of 8% or more for ROE and 8% or more for ROIC in order to maintain secure and stable relationships with our stakeholders. Based on the Materialities, our strategy will be to continue focusing on sales of packaging products that help solve environmental and social issues, especially developing and deepening sales in the food market. In terms of human resources, we plan to increase the number of employees by approximately 120 throughout the Group by FY2025. We will reinforce human capital by securing and developing human resources on an ongoing basis, as well as by improving the working environment and engagement of our employees, thereby leading to

medium-and long-term business growth.

In terms of finances, we believe that capital investment to support our core business is a top priority, and we plan to invest 6.5 billion yen to expand our production capacity for paper containers and paper bags, among other measures. We will also maintain a dividend payout ratio of 30% or more in order to return profits to shareholders.

### Message to stakeholders

I took office as President and CEO on March 2022 and am now in my second term. One of my resolutions upon assuming office was to embody the corporate motto "Passionate and Dedicated to Our Partnerships" left by our founding president, Shigenari Morita, in our business activities and to pass it on to future generations. President Morita was a business owner who expressed his gratitude to employees, who had placed their trust in him and who stuck with him during the hard times following World War II. He truly cared for the happiness of not only his customers but also his employees, saying, "A company exists to make its employees happy." This company motto has taken firm hold within the company over the 70 years of its existence and has become a working credo for many of our employees, including myself. Our corporate philosophy and the recently formulated Purpose of our existence and Basic Policy of Sustainable Management are based on concepts embodied in the company motto. As a member of top management, I believe that implementing actions based on these ideas and demonstrating The Pack Group's value to society in a sustainable manner will connect Morita's beliefs with those of the next generation.

In 2023, we will strengthen the dissemination and promotion of our Purpose of the existence, Materiality, and Medium-Term Management Plan throughout the entire organization to establish a foundation for long-term corporate value enhancement.

We appreciate your continued support of our company.

**Hideaki Yamashita**  
President and CEO  
The Pack Corporation



# Materiality

## Materiality (Important Issues)

### Identification Process

A set of Materialities (important issues) was identified by the project members centering on the Sustainable Business Team established in January 2022. In July 2022, the project was approved by the Board of Directors, and initiatives to resolve the materiality issues are underway. In the future, we will establish KPIs for each item, formulate action plans to achieve them, and implement a monitoring system. We will promote and strengthen these activities and thereby contribute to a sustainable and prosperous society.

- Step 1** **Organizing study meetings held by the Sustainable Business Team, which is a member of the project team that identifies materiality topics**  
 The project team has at least one individual from each department responsible for topics such as sales, quality control, finance, legal affairs, human resources, general affairs, and business strategy. Multiple study meetings to date have strengthened the understanding of team members regarding terminology and sustainable management at other companies. Study meetings have also been held for executives to promote their understanding and discussion of initiatives to help build a narrative on sustainable management and value creation as well as initiatives related to the Task Force on Climate-related Financial Disclosures (TCFD).
- Step 2** **Reviewing the value chain and ascertaining our management capital (strengths)**  
 We examined our value chain in great detail, identifying our unique qualities and points of differentiation from our competitors. Based on the findings, we identified our management capital: financial capital, manufacturing capital, human capital, intellectual capital, social and relationship capital, and natural capital.
- Step 3** **Identifying themes (issues) for maintaining and growing our management capital and defining initiatives for each issue**  
 We studied how to maintain and grow management capital comprising these six types of capital and identified related issues. We also defined initiatives for each issue as it relates to the environment, customers, people and labor, local communities and society, and management.
- Step 4** **Deciding on materiality topics based on their importance to stakeholders and to the Company**
- Step 5** **Submitting the materiality topics through the Sustainable Committee to the Board of Directors for approval**

### List of Materiality issues organized from an ESG point of view

	Major themes	Materiality (Important Issues)	Initiatives	Association with SDGs	
E	Theme 01 Delivering solutions to environmental issues through our business activities	Promoting eco-friendly product planning and technological development	<ul style="list-style-type: none"> <li>Developing, procuring, and supplying eco-friendly raw materials, including forestry-certified and mixed paper</li> <li>Proposing packaging that requires reduced volumes of raw materials</li> <li>Proposing solutions to improve work efficiency through use of our packaging</li> </ul>	<ul style="list-style-type: none"> <li>Proposing alternative surface processing technologies to replace plastic laminates</li> <li>Developing alternative paper packaging to replace plastic packaging</li> <li>Developing reusable packaging</li> <li>Developing eco-friendly plastic packaging</li> </ul>	
		Reducing environmental impact throughout our business activities	<ul style="list-style-type: none"> <li>Purifying and reusing water used in manufacturing processes</li> <li>Reducing CO<sub>2</sub> emissions (intensity)</li> </ul>	<ul style="list-style-type: none"> <li>Transitioning to renewable energy</li> <li>Appropriately managing industrial waste and reducing emissions; promoting recycling</li> </ul>	
		Contributing to environmental conservation and preservation	<ul style="list-style-type: none"> <li>Preserving and restoring forest and mountain areas</li> <li>Planting trees with consideration for ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>Establishing a new environment fund to support efforts such as the preservation and restoration of coasts and rivers</li> <li>Investing in efforts that contribute to environmental conservation and preservation</li> </ul>	
S	Theme 02 Valuing and nurturing people	Promoting employee health and safety	<ul style="list-style-type: none"> <li>Maintaining and improving the health of employees and their families as set forth in the Health and Productivity Management Declaration</li> </ul>	<ul style="list-style-type: none"> <li>Implementing safety measures at manufacturing sites</li> <li>Stockpiling disaster supplies to keep employees safe in the event of natural disasters</li> </ul>	
		Developing and cultivating the capacity to offer total solutions related to packaging	<ul style="list-style-type: none"> <li>Using the Packaging Laboratory to foster an organization of specialists who support The Pack as a company offering total solutions related to packaging</li> <li>Developing and utilizing databases on packaging expertise</li> </ul>	<ul style="list-style-type: none"> <li>Improving business efficiency and enhancing proposal capabilities through digital transformation (DX)</li> <li>Promoting product development through training sessions in which manufacturing sites participate</li> </ul>	
	Theme 03 Building and enhancing relations of trust with our business partners and customers	Promoting diverse work styles that encourage all employees to thrive	<ul style="list-style-type: none"> <li>Developing environments for work styles suited to employee lifestyles</li> <li>Promoting an action plan to empower women in the workplace</li> <li>Designing remuneration schemes to allow employees to work with peace of mind and other systems to secure post-retirement plans</li> </ul>	<ul style="list-style-type: none"> <li>Developing teleworking environments and adopting communication tools</li> <li>Developing employee skills and optimizing assignments through job rotations</li> <li>Building a more open human resource evaluation system</li> </ul>	
		Co-creating brand value with our customers	<ul style="list-style-type: none"> <li>Identifying and analyzing customer issues and providing solutions</li> <li>Collecting information on packaging in Japan and overseas and communicating market developments and trends</li> </ul>	<ul style="list-style-type: none"> <li>Providing multifaceted proposals on distribution and logistics solutions to achieve labor savings, automation, and mechanization</li> <li>Proposing ways to participate in The Pack Forest® Environment Fund to preserve forests</li> </ul>	
Theme 04 Contributing to social development and prosperity	Maintaining and improving quality through joint efforts with business partners	<ul style="list-style-type: none"> <li>Implementing joint development of production technologies and establishing mass production in partnership with production subcontractors</li> </ul>	<ul style="list-style-type: none"> <li>Improving quality by enhancing quality control structures</li> <li>Establishing eco-friendly logistics systems</li> </ul>		
	Contributing to developing future generations and fostering environmental awareness	<ul style="list-style-type: none"> <li>Holding visiting classes for elementary school students</li> <li>Participating in educational content (including online)</li> </ul>	<ul style="list-style-type: none"> <li>Investing in efforts that contribute to the development of future generations</li> <li>Participating in and supporting activities that lead to increased environmental awareness</li> </ul>		
Theme 05 Enhancing management foundations		Providing solutions to increasingly diverse social issues	<ul style="list-style-type: none"> <li>Achieving labor savings, automation, and reduced CO<sub>2</sub> emissions by promoting a PAS system</li> <li>Developing packaging in a way that helps to address labor shortages</li> <li>Proposing total solutions that combine packaging with packing and logistics equipment</li> </ul>	<ul style="list-style-type: none"> <li>Support for activities that create jobs for people with disabilities and activities that assist them in becoming self-sufficient and finding employment</li> <li>Supporting activities of children to support environmental protection</li> </ul>	
		Securing soundness, transparency, and efficiency in management	<ul style="list-style-type: none"> <li>Improving corporate governance structures</li> <li>Disclosing information on the status of initiatives related to all principles of the Corporate Governance Code</li> <li>Strengthening management soundness through the C-Line (compliance line as the internal whistleblowing system)</li> </ul>	<ul style="list-style-type: none"> <li>Implementing fair and objective decision-making processes for management appointments</li> <li>Improving the quality of disclosure to shareholders and other stakeholders</li> <li>Securing diversity among the Board of Directors</li> </ul>	
G		Promoting supply chain risk management	<ul style="list-style-type: none"> <li>Strengthening supply chains that can respond to various procurement, production, and sales risks</li> <li>Enhancing resilience to ensure the appropriate operation of business continuity planning</li> </ul>	<ul style="list-style-type: none"> <li>Countering information leaks and system failures associated with cybersecurity risks</li> </ul>	



# New medium-term management plan (FY2023-FY2025)

## Launch of a new medium-term management plan centering on three key strategies.

The Pack Group will implement sustainable management based on our Purpose (fundamental mission) and Basic Policy of Sustainable Management and has set numerical targets to be achieved by the fiscal year ending December 31, 2025.

The three key strategies are linked to our response to materiality, and we will deliver the Group's unique value to society through sustainable growth.

Slogan

## Evolution

—Start of purpose-based management and Sustainable Management—

Target of Fiscal Year 2025

Consolidated sales

# 107

billion yen

Operating income

# 7

billion yen

ROE

# 8%

or more

ROIC

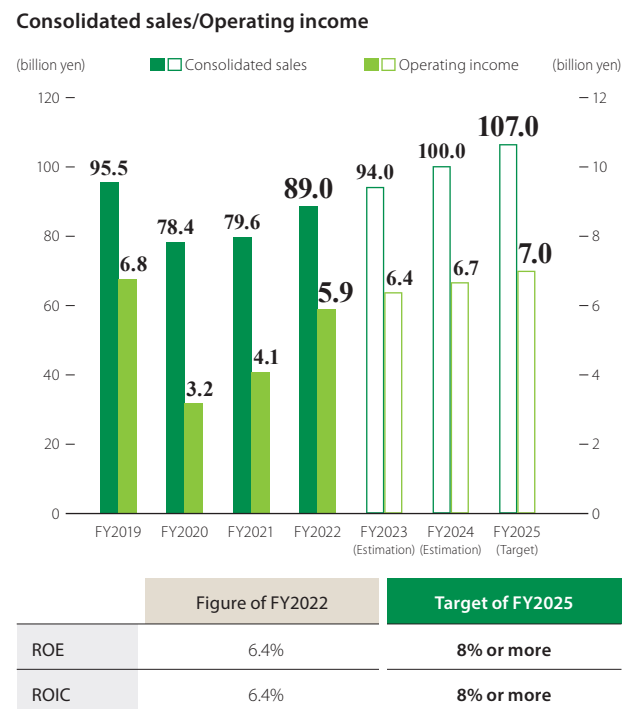
# 8%

or more

### Figure illustrating numerical target achievement

We will develop our business activities in line with our three strategies, with the goal of achieving consolidated sales of 107 billion yen. We will also strive to improve our return on equity (ROE) and return on invested capital (ROIC) in order to maintain stable relations with the Group's stakeholders, including business partners, shareholders and employees.

The targets for each industry indicate that the food industry will achieve approximately 28% sales growth in FY2022; the e-commerce/mail order/logistics industry will achieve approximately 29% sales growth; and the general distribution/retail/other industry will achieve approximately 14% sales growth. By item, the target sales growth rates for FY2022 are approximately 20% for paper bags, 22% for printed paper containers, 23% for corrugated boxes, 22% for chemical product packaging, and 17% for other items.



For details of the new medium-term management plan, see information posted on the URL.  
[https://www.thepack.co.jp/dcms\\_media/other/2023.03.08.pdf](https://www.thepack.co.jp/dcms_media/other/2023.03.08.pdf)

# Medium-term management plan

### Important strategies

## 1 Growth strategy

- Sales expansion in food markets (including convenience stores and fast-food restaurants)
- Strengthening sales in the EC/mail order market/logistics industry
- Creating and developing demand in the general distribution retail market and other markets

We will work to acquire new customers and deepen our relationships with existing customers, focusing on the food and e-commerce markets, which we expect to grow. In the food industry, we will promote sales expansion by strengthening sales of primary food paper containers, developing materials and processing methods that help reduce environmental impact, and using certified forest products. For the EC industry, we will propose improvements in the style and specifications of packaging materials and offer labor-saving, efficiency-enhancement, and automation solutions by capitalizing on our strengths as a comprehensive packaging manufacturer.



Boilable pouches  
Water-resistant  
Paper Craft Pouches



Automatic packaging machine



Delivery bags for EC

## 2 Human capital strategy

- Diverse human resources
- Human resource development
- Optimizing personnel allocation
- Creating a better working environment
- Maximizing employee engagement

In order to ensure diverse human resources, we will place particular emphasis on career hiring and will recruit for sales, manufacturing, and administrative positions. We plan to increase our number of employees by approximately 120 (including the hiring of new graduates) in the three years leading up to the end of FY2025. At the same time, in order to expand opportunities for diverse human resources to play an active role, we will promote the development of new work environments, styles, and systems and optimize the allocation of human resources through the effective use of talent management systems and the like. In addition, we will continue to provide opportunities for skill development and reskilling through training and other opportunities to promote individual and company growth and revitalization.

## 3 Financial strategy

- Growth investment to support business
- Fulfillment of shareholder returns

In terms of growth investment, we plan to expand our production capacity for paper containers and paper bags to support our core business, as well as invest in launching new businesses and strengthening our internal structure. In the area of shareholder returns, we have set a payout ratio of 30% or more, up from the previous year's target of 25% or more, and we will be flexible in buying back our own shares. We will support efficient and continuous growth through an optimal capital deployment plan.

### Plan for Use of Funds (FY2023-FY2025 Total)

Cash in		Cash out	
Cash on hand	Capital investment	Paper container production capacity expansion	2 billion yen
	6.5 billion yen	Paper bag production capacity expansion	3 billion yen
		Streamlining and labor saving	1.1 billion yen
		Energy and resource conservation	0.2 billion yen
		Others	0.2 billion yen
Sales CF 20 billion yen	Strategic investment	M&A	10 billion yen
	14 billion yen	Renovation of key systems	2 billion yen
	Shareholder Returns	Investment in human resources	2 billion yen
	4 billion yen		

# Resolving environmental issues through business activities

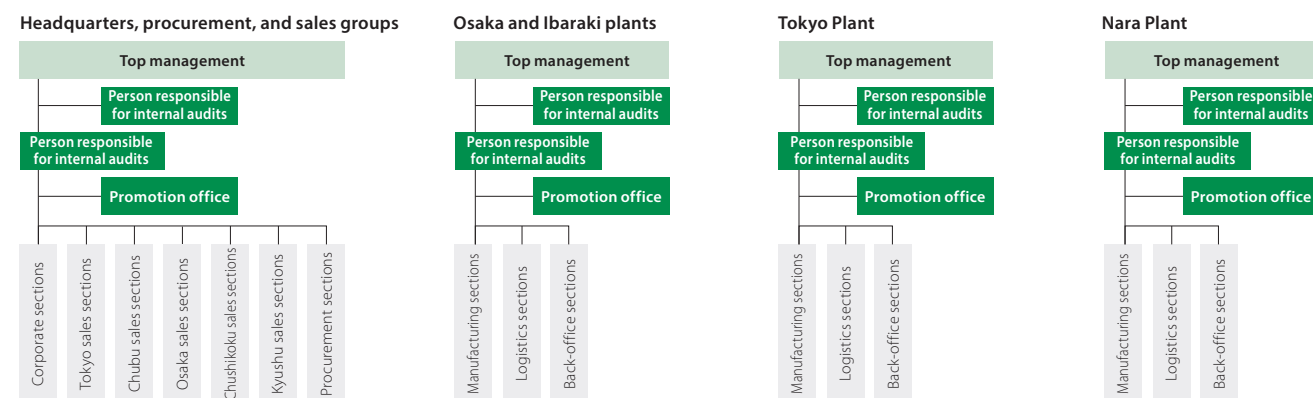
## Environmental philosophy

We will work to protect our irreplaceable environment and broadly contribute to society out of our deep respect for people and nature as well to inspire future generations.

## Basic policy on environmental activities

1. We will promote the development of safe, environmentally friendly products and technologies.
2. We will utilize resources and energy efficiently and work to minimize and recycle waste.
3. We will pursue customer satisfaction through environmental activities.
4. We will actively participate in local and national environmental protection campaigns.

## Environmental management organization



## Environmental targets (Reviewed below are the FY2022 targets and results and FY2023 targets.)

Measures	FY2022			FY2023	
	Target	Performance	Result	Target	
<b>Headquarters and sales group</b>	Growing sales of Forest Products*	Sales of Forest Products equal to or above those in 2021	+8.6%	○	Increasing sales of forest products by 11% vs. 2022
	Growing sales of FSC®-certified products	Increasing sales of FSC®-certified products by 19% vs. 2021	+45.9%	○	Increasing sales of FSC®-certified products by 20% vs. 2022
	Forest conservation activities	Planning or implementing forest conservation activities six times	6 times	○	Implementation of forest conservation activities 10 times
<b>Osaka Plant</b>	Energy conservation	Reducing CO <sub>2</sub> intensity: Reductions to below actual 2021 figures	-6%	○	Reducing CO <sub>2</sub> intensity: Reduction to below actual 2022 figure
<b>Ibaraki Plant</b>	Energy conservation	Reducing CO <sub>2</sub> intensity: Reductions to below actual 2021 figures	-11.3%	○	
<b>Tokyo Plant</b>	Energy conservation	Reducing CO <sub>2</sub> intensity: Reducing by 25% vs. 2012	-25.9%	○	Reducing CO <sub>2</sub> intensity: Reducing by 27% vs. 2022
<b>Nara Plant</b>	Energy conservation	Reducing CO <sub>2</sub> intensity: Reductions of 0.5% vs. 2012	-3%	○	Reducing CO <sub>2</sub> intensity: Reductions of 0.5% vs. 2022

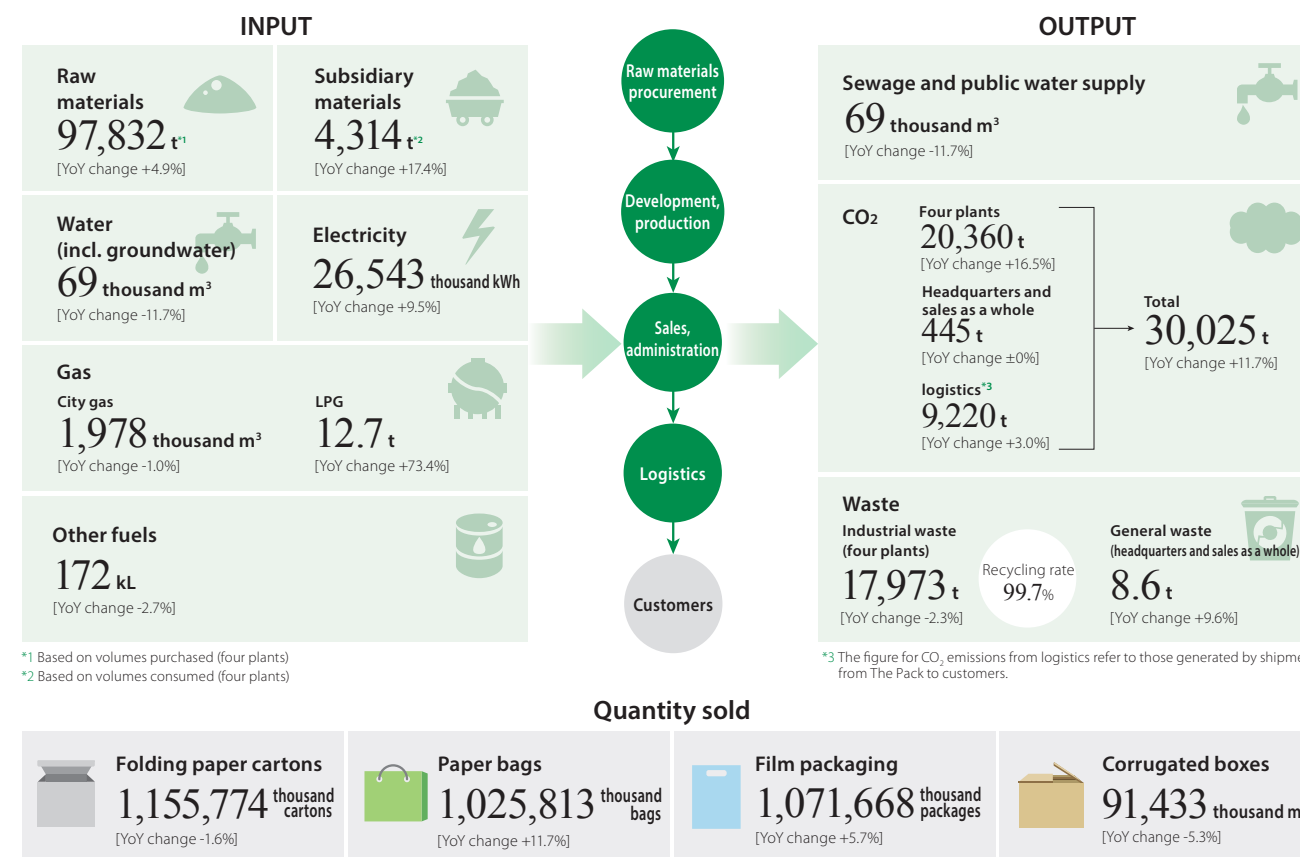
\* Forest Products subject to The Pack Forest Environment Fund include bagasse, Forest Light, Custard Color, Sugar Brown, biodegradable rope, etc. (FSC® C020517)

# Striving to reduce environmental impact

## Overview of environmental impact

We're striving to ascertain and lessen the environmental impact of production activities as a whole.

\* The data shown below are for the four plants (the Osaka Plant, Nara Plant, Tokyo Plant, and Ibaraki Plant) and the headquarters and sales groups

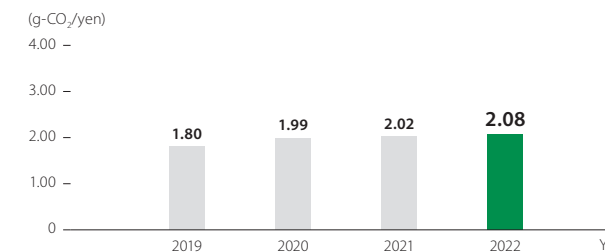


## CO<sub>2</sub> emissions intensity

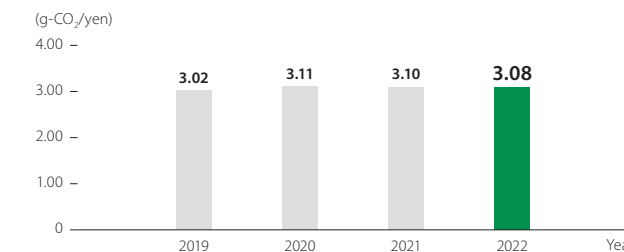
CO<sub>2</sub> emissions intensity refers to the volume of CO<sub>2</sub> emitted from a fixed amount of business activities. We calculate CO<sub>2</sub> emissions intensity based on processing at domestic plants, for headquarters,

and for all plants and sales operations in Japan. This is used as a general indicator of energy conservation because it is unaffected by changes in sales or production volume.

### Four plants (per yen of processing)



### Companywide (per yen of processing)

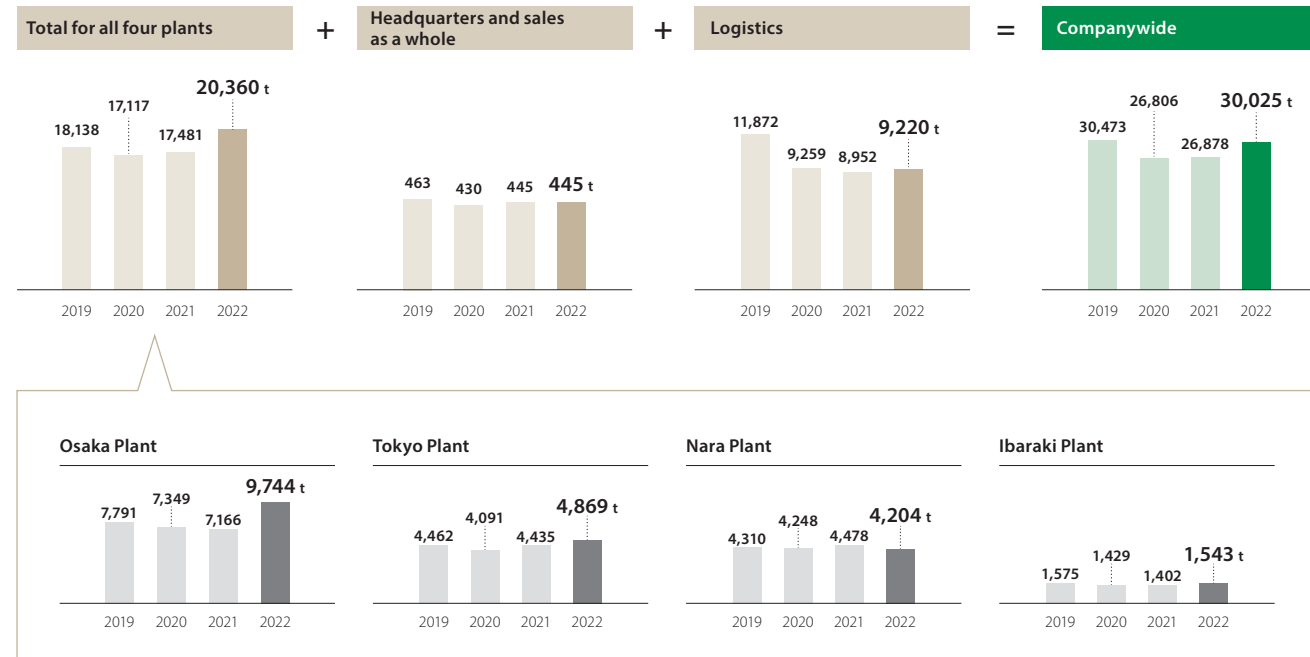


## Quantitative changes

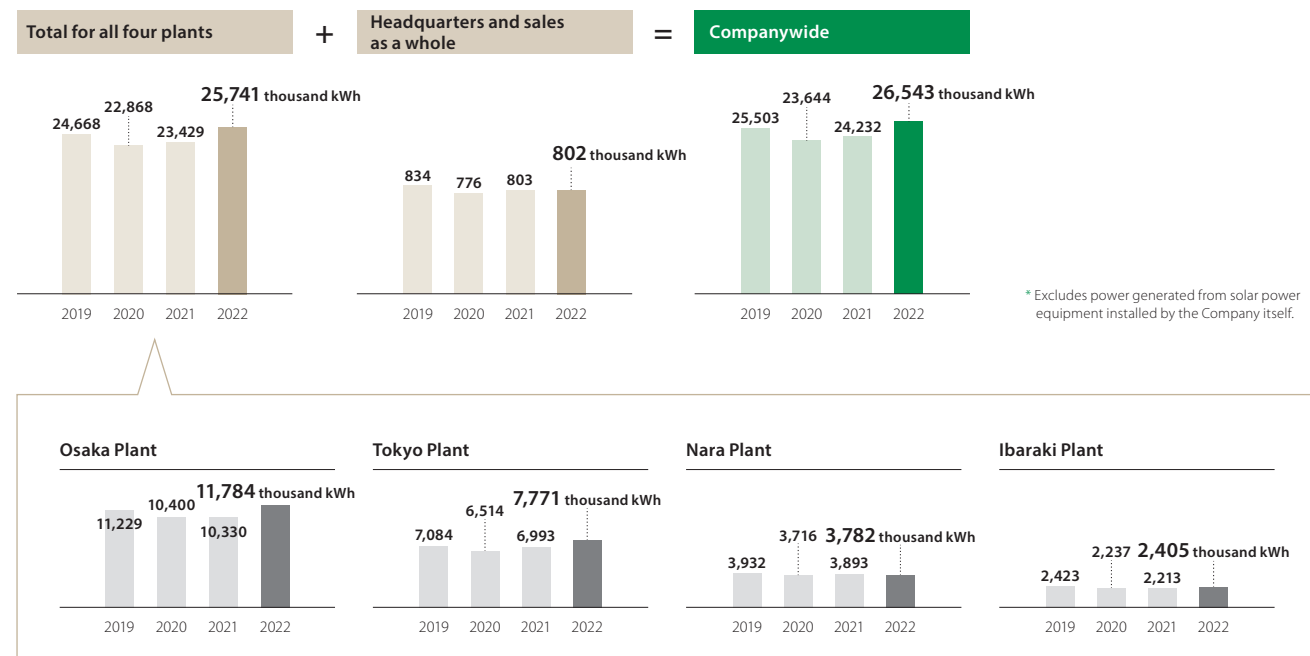
The headquarters, sales group, and the four plants are striving to reduce CO<sub>2</sub> emissions in various ways, including energy conservation activities and the adoption of high-efficiency equipment. They're also working to reduce industrial waste and boost recycling rates.

CO<sub>2</sub> emission increased in FY2022 due to increased processing. As a result of efforts to improve efficiency in the logistics division, company-wide CO<sub>2</sub> emissions intensity has been lowered. Industrial waste emissions have also been reduced, and our recycling rate was maintained at 99.7%.

### CO<sub>2</sub> emissions

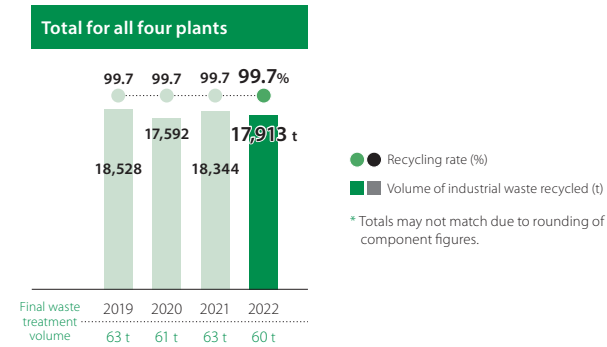


### Electricity use



### Recycling of industrial waste

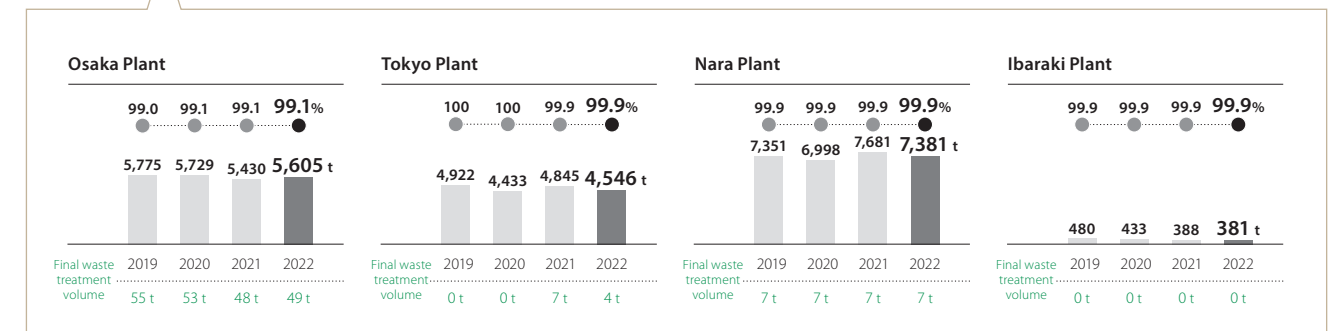
The total recycling rate for all four plants in FY2022 was 99.7%.



## Column

### Recycling of industrial waste

Each plant recycles as much industrial waste as possible in an effort to reduce the amount of waste ultimately disposed of. Part of the industrial waste from the loss of manufacturing paper and chemical product packaging, and part of the packaging materials that were used as raw and subsidiary materials are now reused in the market as recycled packaging materials, etc. Some industrial waste that cannot be recycled is recycled into solid fuels and other useful resources.



### Appropriate management of chemical substances

The chemical substances we use in manufacturing processes are suitably managed pursuant to the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management

Thereof (PRTR Act). In addition, in bag and carton production, we are making steady progress on switching to safe adhesives free of restricted chemical substances. In FY2022, we reduced the volume of substances subject to the PRTR Act by 13%.

#### Volumes of Type I designated chemical substances under the PRTR Act (total for all four plants)

Subject chemical substances	Material in which included	2019	2020	2021	2022
Toluene	Adhesives	0.8	0.8	0.0	0.0
Xylene	Adhesives	0.0	0.0	0.0	0.0
Phthalates	Adhesives	0.5	0.2	0.0	0.0
Boric acid and compounds thereof	Adhesives	1.7	1.6	1.6	1.4
Monochlorobenzene	Adhesives	0.8	0.8	0.0	0.0
Dichloromethane	Offset-printing cleaning solution	0.0	0.0	0.0	0.0
1,2-Dichloropropane	Offset-printing cleaning solution	0.0	0.0	0.0	0.0
Total		3.8	3.4	1.6	1.4

### Putting water resources to more effective use

The water used at the Tokyo Plant for washing printing ink, paint, and adhesives in the manufacturing process is recycled using a water treatment facility for use as toilet flushing water. This helps conserve tap water and counters water shortages by making more efficient use of our limited water resources.



The Tokyo Plant water treatment facility



## Product development structure for environmentally-friendly products

Demand for environmentally-friendly packaging is growing as we strive to achieve a sustainable society. We conduct research and development of environmentally-friendly products from the perspectives of materials, design, and technology. The core product development is carried out by the Packaging Laboratory and the Materials Development Section, which was newly established in 2022. The Packaging Laboratory is engaged in development, mainly in structural design of folding paper cartons and corrugated boxes, in cooperation with the company's own plants, etc. The Material Development Section conducts research and development mainly in the field of materials and technology in cooperation with other companies.

## New Product Introduction

### Converting product packaging to paper-based while also enabling viewing of contents We developed CRAFTCLEAR®\*

With the goal of reducing amounts of plastic used, we have developed our Craft Series of flexible paper packaging. One feature of all products in the Craft Series is that flexible packaging for food products (film packaging), which used to be made primarily of plastic materials, can now be made of paper. Our latest product is CRAFTCLEAR®, a paper-based flexible packaging product that also allows viewing of the contents.

\* CRAFTCLEAR is a registered trademark of The Pack Corporation.



#### Product Features

- Use of highly transparent paper with a barrier function
- Paper logo can be displayed
- Low environmental impact with flexographic printing

### Paper-based flexible packaging with high barrier and light-shielding properties through the development of Craft VM Barrier

As part of the Craft series, we have developed the Craft VM Barrier, which has a barrier property equivalent to that of aluminum vapor deposited film.



#### Product features

- Strong barrier and light-shielding properties
- Fully filmless, heat-sealable, paper-based flexible packaging
- Paper logo can be displayed

### Development of an environmentally friendly nature-derived coating material

To meet the growing demands for environmentally responsible take-out food packaging, we have developed a safe, naturally-derived coating material. By applying this treatment to paper trays, we can produce trays that have the same level of oil resistance as conventional products.



#### Original logo

- Equivalent level of high-performance oil resistance to that of conventional oil resistant trays
- Highly secure
- Environmentally-friendly and naturally-derived materials
- Original logo can be printed.

## Compact transportation packaging material "CC-PACK®"

CC-PACK® is our original packaging material, developed using our expertise as a comprehensive packaging manufacturer. We can provide conventional products (Gusset width: max. 70 mm) that can also be used for mailbox posting. In addition, we can also propose products with structures and designs that match customer products.

\* CC-PACK is a registered trademark of The Pack Corporation.



#### Common features of CC-PACK®

- The gusset width can be easily changed according to the thickness of the items to be packed.
- Thick, shock-absorbing material eliminates the need for cushioning materials.
- Easily recyclable due to mono-material construction
- FSC® certified paper (FSC® C020517) can also be used.

## Column

### Award winner in a packaging contest

The Japan Packaging Contest is a competition organized by the Japan Packaging Institute to develop and promote Japan's outstanding packaging and its technologies. The best work of the year is determined according to each aspect of the package, including materials, design, and technology. In the 2022 Japan Packaging Contest, two of our company's packages received awards.



#### Japan Star Award (a consumer organization award)

ELLEROSE co., ltd.

#### GREEN BASE Dry Vegetable Series

This package is made of CRAFTCLEAR® paper flexible packaging. It was awarded the Japan Star Award, the highest prize in the contest. (For details on CRAFTCLEAR®, refer to page 13.)



#### Packaging Technology Award

7R Confectionery inc.

#### Present Box

Designed as a gift box, this package uses paper to dynamically express the unique characteristics of a moving ribbon. Another feature is that the ribbon is integrated into the body of the box and acts as a seal, thus allowing it to be closed without the use of fasteners such as seals or tape.



For more information on our award-winning packages, see the blog. <https://www.thepack.co.jp/blog/thepack/a112>





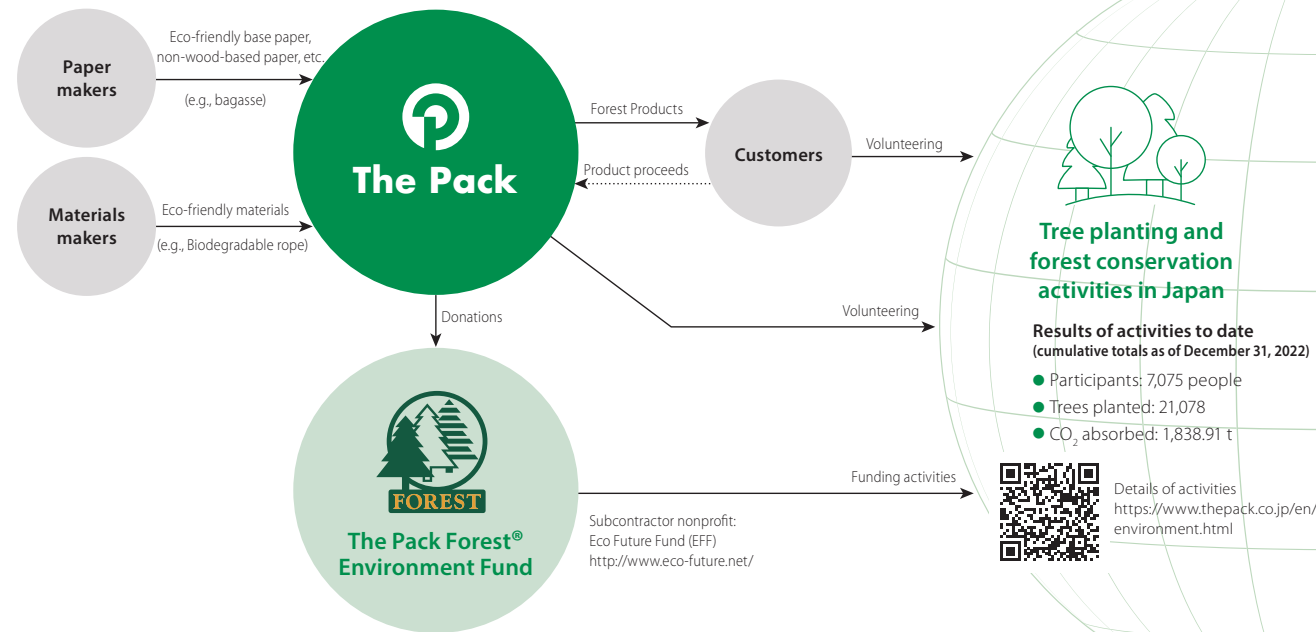
## Activities of The Pack Forest® Environment Fund

We've been developing eco-friendly products since 1993, contributing a portion of our sales to fund forestry conservation activities. In 2000, we established The Pack Forest® Environment Fund and launched volunteer activities to plant and thin forested areas. We also contribute funding for forestry conservation activities. A portion of this fund is allocated to purchasing saplings and other forestation resources. Several times a year we engage in joint activities with the nonprofit Eco Future Fund (EFF). To date, we've planted trees in eight locations across Japan, with the participation not just of The Pack employees, but customers and the general public.

We remain committed to forest conservation activities suited to community needs in cooperation with government, nonprofit, and local communities.

### The Pack Forest® Environment Fund system

Forest conservation activities are underway at eight locations across Japan, funded by a portion of sales from products subject to The Pack Forest Environment Fund, or called Forest Products.

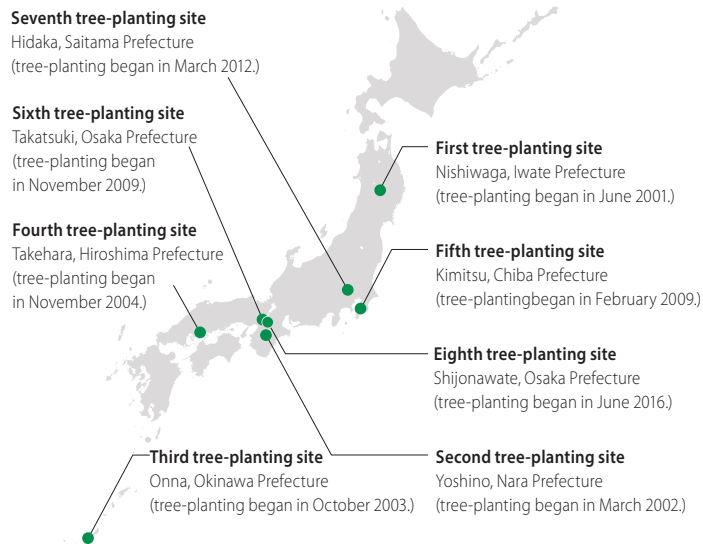


### The Forest Mark

The Forest Mark is our original logo for The Pack Forest® Environment Fund and forest conservation and tree-planting activities. It can be printed on packages certified as Forest Products to help customers inform consumers of their contributions to forest conservation activities.



### Tree-planting sites



## Activities of The Pack Forest® Environmental Fund in 2022

From 2020 to 2021, our employee volunteer activities were suspended, and only the maintenance of our tree plantations commissioned by the local forestry association was carried out, to prevent the spread of COVID-19. In 2022, when infection rates began to subside, we resumed employee volunteer activities and we plan for activities to return to pre-pandemic levels in 2023.

### Yoshinocho, Nara Prefecture, conducted in November 2022

This was our first employee activity in about three years, and a total of 25 people (including some customers) worked to thin trees. Since the first year, this site has been planted with a variety of trees, including horse chestnut, water oak, zelkova, and beech, and the number of trees planted now totals more than 3,300.



### Yoshinocho, Nara Prefecture (PAL Forest Reforestation Project), conducted in November 2022

PAL Corporation has long supported the activities of The Pack Forest® Environment Fund. Since 2011, it has been developing its own forest conservation initiative, the Pal Forest Reforestation Project, in Yoshinocho, Yoshino District, Nara Prefecture. As of the end of 2022, a total of 400 trees have been planted. This time, a total of 45 people, including our employees, participated in planting seedlings and trimming undergrowth.



### Takehara-city, Hiroshima Prefecture, conducted in August 2022

Between 2005 and 2015, approximately 170 to 350 people from local high schools, businesses, and the general public participated in major tree-planting activities 11 times, planting a total of approximately 12,600 trees. Later, in 2020, 600 Japanese maple saplings were planted in a mountain forest that had been damaged by landslides caused by heavy rains in July 2018. This time, we cut the surrounding grass so as not to disturb the seedling growth. A total of 29 people participated, including our company employees, customers, and local government officials.



### Shijonawate-shi, Osaka Prefecture, conducted in October 2022

A total of 12 people thinned trees at Fureai no Mori in Shijonawate City, Osaka Prefecture. This is the area we planned to conduct forest conservation activities three times a year (spring, summer, and fall) since our first year, and we have been working with 30 to 50 people. By thinning cedar and cypress trees and maintaining and repairing trails, we are preserving biodiversity and improving the local landscape. The goal is to regenerate the wild forest so that it can serve as a place of relaxation for local citizens.



## Column

### Letter of appreciation received from Osaka Prefectural Government

The Company received a letter of appreciation from the Governor of Osaka Prefecture on January 28, 2022, in light of our contributions to forest conservation over the past five years at Fureai no Mori in Shijonawate City, Osaka Prefecture. This activity is carried out by the Osaka prefectural government, which mediates between forest owners and business operators to develop forests for business operators (Adopt Forest System). We will continue to be actively involved in these activities and work for the benefit of the local community.





# We value and nurture people.

Materiality **Enhancing Employee Health and Ensuring Their Safety**

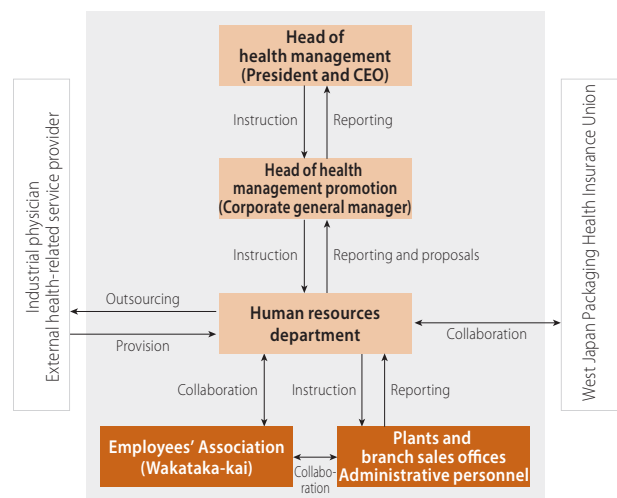
## Health management

Since announcing our health management plan in March 2017, the Company has implemented initiatives to maintain and promote the health of our employees and their families. One benefit of health management is the rise in labor productivity expected as an outcome, which will further contribute to Company development.

### Health management structure

We work with internal and external organizations, primarily Human Resources, to implement various measures.

The Pack Corporation
  Policy-implementing departments
  Policy-promoting departments
  External unions, services



### Overview of the Certified Health & Productivity Management Outstanding Organizations Recognition Program and our ranking

The Certified Health & Productivity Management Outstanding Organizations Recognition Program is a program that recognizes major corporations and small and medium-sized enterprises (SMEs) that practice particularly outstanding health management, through initiatives reflecting community health issues and efforts toward good health as promoted by the Nippon Kenko Kaigi.

### Assessment of The Pack's health management (FY2022 application)

Overall ranking: **1901-1950** out of 3169 companies

Overall assessment: **47.9** ↓0.5 (points from the previous score of 48.4)

### Thorough health checkups and secondary examinations

We provide regular health checkups for all employees, including part-time employees. The most recent percentages of employees undergoing these exams, for FY2021, shows that while 100% of employees underwent regular health checkups, only 57.8% underwent secondary examinations. More than one quarter of our employees, or 26.6%, underwent secondary examinations. Employees found to require urgent treatment based on examination results are encouraged to be examined through letters and telephone calls from public health nurses with the health insurance society. We will continue to confirm that employees understand the importance of undergoing secondary examinations instead of taking checkup results lightly.

\* Part-time employees are not included because they may join and leave the company throughout the year.

### Regular health checkups (checkup period: April 1 of year indicated – March 31 of following calendar year)

	FY2019		FY2020		FY2021	
	Persons	%	Persons	%	Persons	%
Examined	940	98.9	913	100.0	899	100.0
Unexamined	10	1.1	0	0.0	0	0.0
Total	950	100.0	913	100.0	899	100.0
Persons who underwent secondary examinations	222	23.6	247	27.1	239	26.6

### Secondary examinations (checkup period: April 1 of year indicated – March 31 of following calendar year)

	Subject: all employees excluding part-time employees					
	FY2019		FY2020		FY2021	
	Persons	%	Persons	%	Persons	%
Examined	117	52.7	166	67.2	138	57.8
Unexamined	101	45.5	81	32.8	99	41.4
Resigned after being informed	4	1.8	0	0.0	2	0.8
Total	222	100.0	247	100.0	239	100.0

### Smoking cessation challenge

We're promoting a smoking cessation challenge program for the health of employees and their families. At the time of a March 2021 survey, 27% of Company employees were smokers, a figure much higher than the national adult average of 16.7% (according to the National Health and Nutrition Survey by the Ministry of Health, Labour and Welfare). The following initiatives were taken by the human resources department, along with thorough promotion of the health insurance company's smoke-free program. The survey conducted in April 2022 showed 23.7%, down from 27.1% in the previous period. We will continue encouraging employees to quit smoking.

#### Main initiatives

- Smoking survey to ascertain current conditions: Smoking rates published by business site and section
- Management smoking cessation challenge: All officers of the rank of division general manager in charge and above pledge not to smoke during working hours
- Setting numerical targets by business site and section and encouraging smoking cessation: Reporting on progress from time to time in the in-house bulletin and elsewhere

Materiality **Fostering and nurturing the ability to provide total packaging solutions**

## Evaluation and support system to improve skills

With the goal of creating a workplace where people can thrive, we introduced a new human resources system in 2020, revising our compensation, personnel, and evaluation systems. We will also continue to provide financial support for skills training, thus motivating our employees and creating an environment where they can feel confident to continue working for longer.

### Overview of our human resource system

We introduced a new human resources system in 2020 to create a workplace where people can thrive. In the salary structure, the requirements for salary increases and promotions have been made clearer. We are increasing lifetime annual income by reviewing salaries and retirement benefits for younger employees and employees who continue to work after retirement. As part of the evaluation system, the Human Resources Development Council holds evaluation meetings throughout the company in an effort to make evaluations as open and accurate as possible.

### Smoking rate over time Subject: all employees

	March 2021		November 2021		April 2022	
	Persons	%	Persons	%	Persons	%
Smokers	341	27.1	303	24.3	298	23.7

### Stress checks

We ask all employees, including part-time employees, to undergo annual stress checks. We aim to identify any mental-health concerns swiftly through analysis of individual groups of employees, in addition to encouraging eligible persons to receive in-person guidance from a physician based on the results of their stress checks.

### Stress checks Subject: all employees

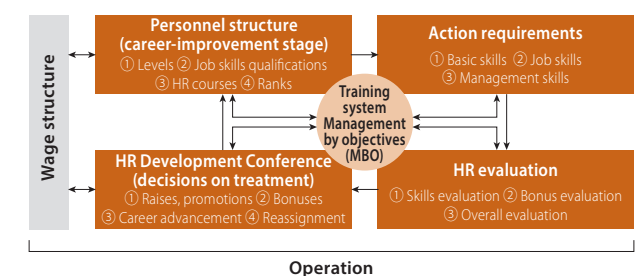
	2018	2019	2020	2021	2022
Number undergoing stress checks (persons)	1,304	1,295	1,274	1,215	1,206
Rate of undergoing stress checks (%)	98.0	97.0	97.2	97.4	96.9

### COVID-19 vaccination leave

As part of our efforts to prevent the spread of COVID-19, we have implemented a special paid vaccination leave policy to protect the health of our employees and their families.

Subject	All employees
Dates subject to the leave	Day of vaccination, day after vaccination if the employee feels unwell due to an adverse reaction, days when the worker needs to accompany a family member for vaccination, or days when nursing care for a family member with an adverse reaction is required

Materiality **Fostering and nurturing the ability to provide total packaging solutions**





## Talent management system

Since 2022, we have implemented a talent management system for entering and confirming personnel evaluations and managing goals. This is a system that centralizes employee information, such as personal information, skills, and experience, through digitalization. We will consolidate the necessary information to streamline management and use it for the appropriate placement and development of human resources.

## HR Development Conference

Based on the results of the performance reviews, talent development meetings are held throughout the company. At these meetings, we share information about top talent throughout the company and discuss ways to evaluate employees fairly and appropriately. It is also an opportunity to evaluate the management skills of participating managers.

## Skills improvement support program

To encourage employee self-improvement, we've established a skills improvement support program that provides economic assistance for activities such as language learning and earning qualifications. English and Chinese lessons are provided under corporate contracts with major language schools operating across Japan. Those learning English also have the option of online lessons.

### Number of persons who used the skills-improvement support program (total)

	2018	2019	2020	2021	2022
Number of persons who used the program (total)	11	9	10	9	23

Purpose of support	Subject	Details
Learning languages	English	Courses available at corporate contract prices (Incentives are paid for those who meet certain conditions.)
	Chinese	
Earning qualifications	Microsoft Office Specialist (MOS: Word, Excel, PowerPoint)	Those who pass the qualification exams are reimbursed the test fees and paid incentives.
	Official Business Skill Test in Book-keeping, Level 3 or above	
	Other (those necessary or beneficial to professional duties)	
Learning	Nikkei TEST	Trainees are reimbursed the test fees.

Materiality

Promoting Diverse Work Styles that Allow Employees to Play an Active Role in the Company



## Diverse human resources

With an emphasis on human resource development, The Pack maintains comfortable workplaces where diverse human resources can demonstrate their individuality and abilities. We will continue to respond to changes in society and develop attractive systems.

## Promoting women in the workplace

We believe that an environment in which women can thrive is necessary if all employees are to work in comfort. In 2021, based on an analysis of various issues related to the creation of working environments where people can comfortably work over the long term, we established our targets for the future.

### Women as a percentage of permanent full-time employees

(Figures for each fiscal year are as of December 31)

	2018	2019	2020	2021	2022
All permanent full-time employees (persons)	865	892	881	841	835
Women permanent full-time employees (persons)	159	171	176	167	171
Percentage accounted for by women (%)	18.4	19.2	20.0	19.9	20.5

### Action plan on promoting women in the workplace

- Plan period: April 1, 2021 – March 31, 2026
- Targets:
  - (1) Women accounting for at least 25% of permanent full-time employees
  - (2) Women accounting for at least 35% of permanent full-time employees (new graduates) hired
  - (3) Women accounting for at least 10% of managerial personnel (managers and above)
- Issues and initiatives: One issue we face is the low number of women personnel. This means that women account for a small percentage of managerial personnel. In addition to hiring based on an awareness of the gender of new graduates hired, we plan to implement training on understanding the issues of diversity, gender, and systemic bias.

### Women as a percentage of permanent full-time employees (new graduates) hired

(Figures for each fiscal year are as of December 31)

	2018	2019	2020	2021	2022
All permanent full-time employees hired (persons)	30	39	30	13	20
Women permanent full-time employees hired (persons)	11	8	11	6	7
Percentage accounted for by women (%)	36.7	20.5	36.7	46.2	35.0

### Women as a percentage of managerial personnel (managers and above)

(Figures for each fiscal year are as of December 31)

	2018	2019	2020	2021	2022
All permanent full-time employees hired (persons)	205	213	208	206	209
Women permanent full-time employees hired (persons)	7	7	11	10	14
Percentage accounted for by women (%)	3.4	3.3	5.3	4.9	6.7

## Comprehensive reduced working hours program

This program allows employees whose circumstances involve responsibilities such as caring for children aged three or older, providing long-term care for family members, hospital treatment, or family support to choose from various forms of employment, including six-hour working days, seven-hour working days, or staggered working hours. The program was established to support diverse workstyles based on a comprehensive consideration of situations in which standard working hours may pose difficulties. Launched in 2018, the program was in use by seven employees in 2022.

### Users of the comprehensive reduced working hours program\*

	2018	2019	2020	2021	2022
Users (persons)	0	4	7	12	7

\* Program began November 1, 2018

## Numbers and percentages of employees taking childcare leave

In April 2022, we introduced our own maternity and paternity leave to make it easier for men to take paternity leave. To support your spouse's childbirth and child care, you will be entitled to 20 days of paid leave from before the child's birth to the child's second birthday. In addition to parental leave, we have created an environment that makes it easier for employees to take leave.

### Numbers and percentages of employees taking childcare leave

(Figures for each fiscal year are as of December 31)

	2018	2019	2020	2021	2022
Number of employees taking childcare leave (male)	8 (1)	7 (0)	10 (0)	13 (0)	10 (1)
Percentage of employees taking childcare leave (male) (%)	100 (13)	100 (0)	100 (0)	100 (0)	100 (10)
Number of employees taking our own childbirth and childcare leaves*	-	-	-	-	3

\* Program began April 2022.

## Employment of those with disabilities

The company opened an office in Kainan City, Wakayama Prefecture, in April 2022 to support the employment of people with disabilities. A total of six people have started here, who are involved in manual processing of paper bags and paper containers. We will continue to develop and improve the working environment so that employees can work in a safe environment with a sense of satisfaction. In addition, we will strive for continued employment with the cooperation of support schools in the prefecture.



### Employment rate of those with disabilities

(Figures for each fiscal year are as of December 31)

	2018	2019	2020	2021	2022
Employment rate (%)	1.9	1.9	1.8	1.8	1.6

## Technical trainees from Vietnam

The Technical Internship Program helps human resources from developing countries to bring back to their home countries the skills and techniques they have acquired while working in Japan, thus contributing to the development of their home countries in the future. With a view to making an international contribution and employing foreign workers in the future, we have been accepting Vietnamese technical apprentices since 2019. Currently, the trainees are making printing boxes at the printing press manufacturing site. They are enthusiastic about their work, and each of them is working daily on practical training to achieve their goals.

### Numbers of trainees accepted

(Figures for each fiscal year are as of December 31)

	2019	2020	2021	2022
Trainees (persons)	5	5	10	5

## Training for understanding diversity

We conducted training in an e-learning format to create a workplace where employees understand diversity and respect each other. This time, we broke the training down into three sessions on LGBTQ issues to learn about sensitivity and the idea of psychological safety. We want to be able to apply these ideas in the workplace.

1st session	Let's think about diversity
2nd session	Know about LGBTQ
3rd session	Workplace and LGBTQ



S  
Society

Theme 03

## Building and deepening a trustful relationship with business partners and customers



S  
Society

Theme 04

## Contributing to the development and prosperity of society as a total packaging solutions company

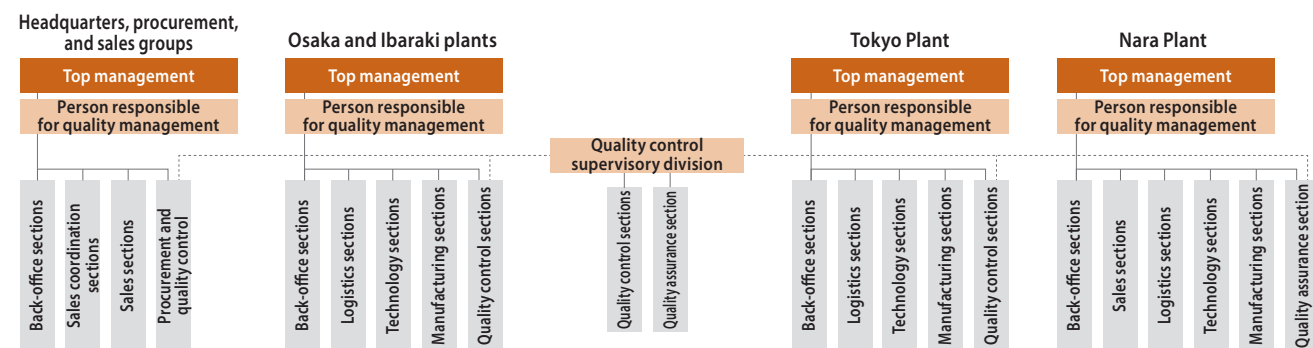
Materiality **Quality Maintenance and Improvement through Collaboration with Business Partners** 4 9 10 11 12 15

Materiality **Contributing to the development of the next generation's employees and raising awareness about the environment** 4 9 10 11 12

### Quality Control

The Pack's Quality Policy calls for "Increasing customer satisfaction through enhanced quality." To ensure high-quality products, we've established a quality control organization. We implement quality and safety activities and training and make continual improvements in response to complaints or irregularities. We remain dedicated to initiatives in which all employees take part, based on the Quality Policy, to ensure that we can deliver safe, reliable products to our customers.

A quality control organization has been established at four domestic plants and the headquarters, procurement, and sales groups to unify quality control and improve operations.



### Declaration of partnership building

In order to strengthen coexistence and cooperation throughout the supply chain, the company announced the Declaration of Partnership Building in July 2022. The Declaration will be publicized internally and externally, and efforts will be made to ensure its smooth implementation and enhance the value of the entire supply chain.



For details, refer to The Pack's Declaration of Partnership Building <https://www.biz-partnership.jp/declaration/12973-05-06-osaka.pdf>

#### Details on the Declaration of Building a Partnership

We will focus on the following points to build new partnerships and promote cooperation, coexistence, and co-prosperity with our supply chain business partners and related value-added companies.

- Coexistence and co-prosperity throughout the supply chain and new collaborations across scale and affiliation:** The Company will develop innovative raw materials by utilizing the technologies and know-how of the Company and its suppliers, thus establishing a system of cooperation, coexistence, and co-prosperity between the two parties.
- Adherence to Promotion Standards:** We will actively comply with the promotion standards established for the benefit of subcontractors, including the method used to determine subcontractor income, and work to correct any circumstances that may hinder the development of relations between our partners.

### Social Contribution Activities

As a member of the community ourselves, we engage in a wide range of activities to build relationships of trust and to move forward alongside other members of our local communities.

#### Hands-on manufacturing classes

The city of Higashi-Osaka, where the Osaka Plant is located, is one of Japan's leading manufacturing centers. It produces a wide range of products that support society. The city is currently promoting a "Monozukuri no Machi Higashi-Osaka" ("Higashi-Osaka: A City of Manufacturing") program, including hands-on manufacturing classes for elementary-school students, contracted to the nonprofit Higashi-Osaka Organization for Region Innovation. We have participated in this program since it was launched in FY2002, sending employees to 10 or so schools each year to share the enjoyment of manufacturing with the students. We visited six schools in the city in 2022 and delivered lectures to a total of 431 people. We will continue to contribute to the development of future leaders.

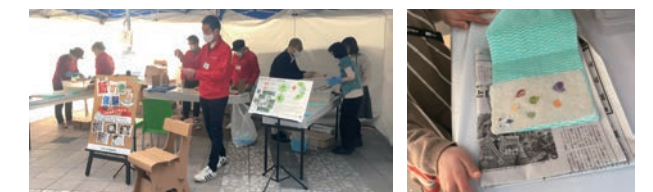
#### Results of this activity to date (cumulative totals through the end of FY2022)

Student participants	15,735 (15,194 through visiting classes, 541 through watching a video)
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#### Exhibition at Higashiosaka Monozukuri WEEK

We displayed our booth at the Higashiosaka Monozukuri Week in March 2022 at Mitsui Outlet Park Osaka Tsurumi. This workshop was held with the aim of promoting the appeal of the city and the concept of the SDGs. Our company provided a paper-making experience for participants of all ages.



#### "Shigoto no Tobira" job introductions (YouTube, Next Generation Career Education)

We are producing and posting videos of our company to support the online social studies field trip "Shigoto no Tobira." Shigoto no Tobira is a website that features videos introducing companies and organizations to help children deepen their understanding of work and society and develop the ability to learn and think for themselves. We hope this will help educate the next generation and deepen their understanding of careers.



Gakken Kids Net "Shigoto no Tobira" The Pack Corporation Packaging Work <https://kids.gakken.co.jp/shinro/tobira/company/the-pack/>



### Sponsoring the Kids Earth Fund

Founded in 1988, the Kids Earth Fund (<https://www.kidsearthfund.jp/en/>) provides children around the world devastated by disease, war, and disaster with art supplies and other supplies, as well as provides self-care services through workshops. Pictures drawn by the children are converted to revenue through use in companies' product designs. The funds generated are used to support children. As an official corporate member, we use the images created from the Kids Earth Fund as part of the graphic designs for packages for customers who so request.



### Paralym Art

Paralym Art (<https://paralymart.or.jp/association/>) is a website where companies and organizations can purchase art made by people with disabilities. We support the social participation and financial

## ESG investment

### ESG bond allocation and social bond purchases

In 2021, we set an investment limit of 500 million yen for ESG bonds. With this investment quota, we will fulfill our social responsibility by continuously purchasing social bonds (bonds issued to finance projects that contribute to solving social problems) and green bonds (bonds issued to finance projects that improve the environment).

#### Summary of purchased social bonds

Brand	The 66th Japan Student Services Bond
Length of time	2 years
Amount issued	30 billion yen
Date of issuance	February 8, 2022

independence of people with disabilities through the operation of our website and the management of events and classrooms. The Company is also willing to allow use of parallel art drawings in the graphic design of packaging.



### Donations to Yoshinoyama Hoshoukai

Each year, we make a cash donation to Yoshinoyama Hoshoukai, an organization that works to preserve historical sites, places of scenic beauty, and cultural assets in Mt. Yoshino. Yoshino is one of our company's plantation areas, where employees are involved in conservation activities to restore the forest. We will continue to make donations that support the protection and preservation of Mt. Yoshino.



### Carbon neutral fund No. 1 investment project Investment in a limited liability partnership

We have concluded an investment agreement with Carbon Neutral Fund No. 1 Investment Limited Partnership as a limited partner. The fund invests in power generation companies that produce renewable energy and also maintains a consistent process of using renewable energy at the fund's affiliates. We will continue to contribute to solving the challenges associated with the achievement of carbon neutrality in Japan.

#### Summary of funds with concluded contracts

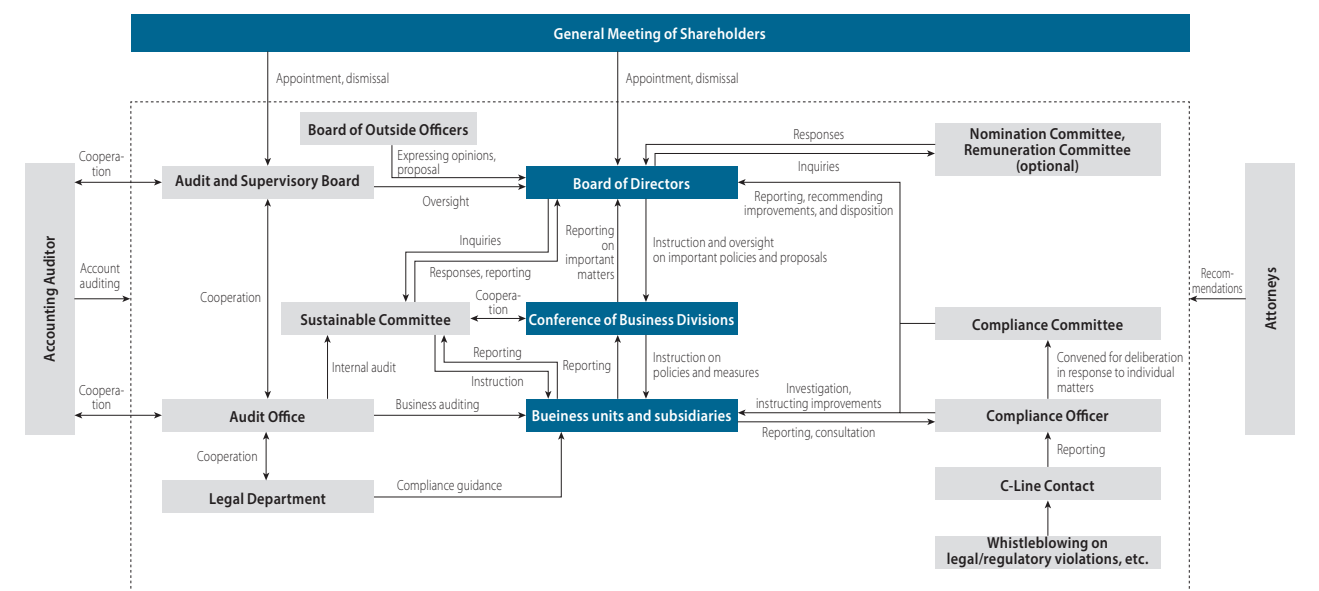
Name of the project	Carbon neutral fund No.1 investment limited partnership
Operating company	Z Energy Co., Ltd.
Duration period	Up to 26 years
Investment target	Projects for the generation of renewable energy that are subject to the FIT system in Japan



## Materiality Ensuring Soundness, Transparency, and Efficiency of Management

We're keenly aware of the importance of corporate governance. On that basis, we're developing structures to improve management efficiency, establish sound corporate ethics, and monitor management activities to ensure that all these responsibilities are effectively discharged. In addition, we strive to achieve sustained corporate growth and medium- to long-term increases in corporate value by proactively applying the Corporate Governance Code established by the Financial Services Agency of Japan and the Tokyo Stock Exchange.

## Corporate governance structure



As a company with an Audit and Supervisory Board, we ensure soundness and transparency in management through oversight of the performance of the duties of the Board of Directors by independent Statutory Auditors and the Audit and Supervisory Board.

The Board of Directors has nine members, including three outside Directors. The Audit and Supervisory Board has four members, including two outside Statutory Auditors. To ensure fairness, transparency, and objectivity in procedures related to the nomination of Directors and operating officers and decisions on matters such as remuneration, we have established the optional bodies of a Nomination Committee and a Remuneration Committee.

The membership of each committee consists of Directors (including outside Directors, one of whom serves as chairperson) appointed by resolution of the Board of Directors. These committees deliberate on matters related to nomination and remuneration of Directors as advisory bodies to the Board.

Other efforts whereby we strive to enhance our corporate governance structure include the addition of an executive officer system to improve management efficiency and execute business through dynamic decision-making. We have also established a Board of Outside Officers to allow the exchange of opinions among outside Directors and outside Statutory Auditors and recommendations to the Board of Directors, thereby enhancing Board oversight functions.

Activities status of committee

	Board of directors	Board of auditors	Outside directors meeting	Nominating committee	Remuneration committee
Role	Making decisions on major management issues and overseeing the conduct of the business	Monitoring and supervision of business execution and the Board of Directors	Information sharing and awareness raising among the independent external officers	Deliberations and recommendations on matters related to the appointment or dismissal of directors and executive officers	Deliberations and decision making on matters relating to the remuneration of directors and executive officers
Personnel composition	Nine members (including three from outside the company)	Four members (including two from outside the company)	Three outside directors, two outside auditors	Five directors (including three from outside the company)	Five directors (including three from outside the company)
Number of meetings held	18 times/year	13 times/year	5 times/year	4 times/year	4 times/year
Contents	Appropriate decision-making and management supervision are carried out based on the wealth of business experience of internal directors in the Company and the objective and professional perspectives of external directors.	Management soundness is ensured from the perspective of full-time corporate auditors based on their experience in the Company and from the objective and professional perspectives of outside corporate auditors.	The exchange of information and awareness among independent outside directors provides effective supervision of management from an independent and objective perspective.	With a majority of independent outside directors, including the Chairman, the Committee deliberates on proposals for the appointment and removal of directors and the selection of alternate directors and executive officers. It also makes recommendations in response to requests from the Board.	With a majority of independent outside directors, including the Chairman, the compensation of directors and executive officers is delegated from the Board.

Sustainable Committee

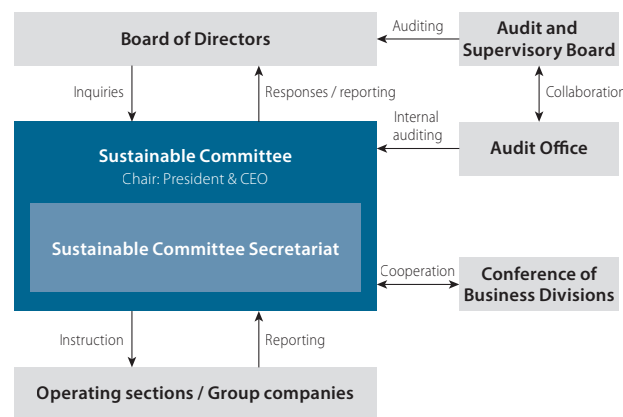
In 2022, we created the Sustainable Committee (chaired by the President and CEO). The Committee will respond to the promotion of sustainable management in our Group.

The Sustainable Committee and its executive body, the Sustainable Committee Secretariat, work with the Divisions, Business Units, and Group companies to advise and make decisions on the operation and promotion of sustainable management, the formulation of policies on key issues, management of the progress of initiatives, and the incorporation of these policies into the medium-term management plan. The Sustainable Committee Secretariat promotes action plans and manages KPIs in collaboration with the business units and subsidiaries.

The Board of Directors consults with the Sustainable Committee to set policy and provide oversight. The Divisions will work with the Sustainable Committee to share information. Business units and subsidiaries implement various measures and provide results and

data. The Board of Auditors and the Office of Audit provide supplemental audits related to these initiatives.

Sustainable Committee structural chart



Use of independent outside directors and outside auditors

The Company has appointed three outside directors and two outside auditors.

All five have no personal, capital, or business relationships with our Company and are completely independent. The independence of outside directors is in accordance with the requirements of the

Companies Act and the standards of the Tokyo Stock Exchange.

The role of outside directors and outside auditors is to enhance the effectiveness of corporate governance at our company by using their expertise and experience to provide supervision and auditing from a neutral standpoint.

Conforming to the Corporate Governance Code

Basic policy on corporate governance

The Company is strongly aware of the importance of corporate governance and will strive to improve management efficiency and establish corporate ethics. Our basic policy is to establish a system to

monitor the proper conduct of management activities and to promptly disclose important information that serves the common interests of our shareholders.

Conforming to the Corporate Governance Code

The Company's corporate governance is described in the Tokyo Stock Exchange Corporate Governance Report. We also publish our initiatives regarding the Corporate Governance Code, which describes the status of corporate governance, on our corporate website. Here you can find information not just on the principles for which disclosure is required in the Corporate Governance Report, but initiatives regarding all principles.



Corporate Governance  
<https://www.thepack.co.jp/en/company/corporategovernance.html>

Assessment of the efficacy of the Board of Directors

To improve the efficacy of the Board of Directors, we implement annual self-assessment surveys of all Directors and Statutory Auditors.

Assessment method	Questionnaires on the efficacy of the Board of Directors are distributed to all Directors and Statutory Auditors at a Board meeting each December. The efficacy of the Board is analyzed and assessed based on all answers collected from the completed questionnaires in a Board meeting in January of the following year. Efforts to make improvements are based on these findings.	Response format	Scoring, with spaces for freeform comments
		Response method	Not anonymous

Internal controls

Pursuant to the Companies Act and the Enforcement Regulations to the Companies Act of Japan, we maintain the internal controls systems needed for efficient management by securing the propriety of business operations and pursuing business appropriately within the Company and at Group member companies.



Basic policy on internal controls  
<https://www.thepack.co.jp/en/company/basicpolicyoninternalcontrols.html>

Compliance structure

In addition to enhancing internal systems, we respond to legal issues based on consultations with outside advising attorneys as necessary in individual cases. The Legal Department in the Corporate Division strives to enhance structures for management and education regarding matters such as laws, regulations, social norms, and contracts with counterparties.

C-Line (internal whistleblowing system)

We established the C-Line (Compliance Line) as a contact point for whistleblowing and consultations regarding violations of laws and regulations and similar incidents inside the Company. This system is intended to ensure fair and sound corporate management by raising awareness of compliance among all employees; preventing inappropriate actions, such as violations of laws and regulations; and swiftly detecting and rectifying any improprieties or problems.

Protection of personal information

We have established a Privacy Policy and Guidelines on the Protection of Personal Information, which concern matters including why and how we use personal information and how personal information is managed and safeguarded.

Compliance training and awareness raising

We draw on the corporate intranet and other means to communicate information for internal compliance training and to inform employees of legal information. We also strive to provide training on and to raise awareness of compliance through training and educational opportunities, including internal legal courses.